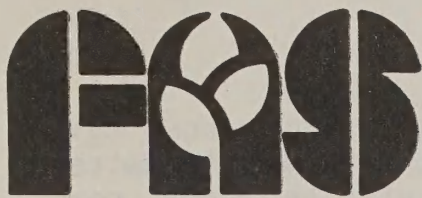


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# REPORT

United States  
Department of  
Agriculture  
Foreign  
Agricultural  
Service  
Washington, D.C. 20250

## WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR-43-81

WASHINGTON, Oct. 28--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

### GRAIN AND FEED

The SOVIET UNION has returned to the U.S. grain markets after a brief lull. Purchases during the past week bring the total for the sixth year (Oct. 1981-Sept. 1982) of the US/USSR Grain Agreement to nearly 8.7 million tons. Since the Soviets reentered the U.S. grain market in late July 1981, they have purchased around 10 million tons of wheat and corn.

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Drought conditions in ARGENTINA, prevalent during June, July, August and September, have continued. As of early October, much of the wheat crop in the northern Buenos Aires Province, southern Santa Fe, Cordoba and eastern La Pampa was in the heading or flowering stage, which is approximately one to two weeks ahead of normal development. Therefore, an already stressed crop is suffering from continued dryness during a critical growth phase and the damage was compounded by scattered frost reported in several wheat-producing areas where the crop was well into the heading stage. Based on this assessment, the U.S. agricultural counselor reports that Argentine wheat production is not likely to exceed 8 million tons, down 1 million tons from the previous USDA estimate. Without sufficient rain by early November the crop could be reduced even further, perhaps to 7 million tons or less. It should be noted, however, that substantial rains late last week in Santa Fe, central Cordoba and scattered portions of Buenos Aires did provide some temporary relief.

Corn plantings in Argentina also have been delayed by the extremely dry conditions. While all of the crop should be in by the first week of November, only about 50 percent of the corn crop has been planted. Therefore, Argentine corn area is expected to fall short of the previous expectations, with shifts into soybeans and grain sorghum possible.

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ARGENTINA's grain and oilseed shipments for January-September 1981 reached a record level of almost 21 million tons, about 9 million tons higher than the same period last year and approximately 1.5 million tons above total 1979 shipments. September shipments reached 1.7 million tons, about 300,000 tons above September 1980 levels. However, the shipping pace seems to be dropping off somewhat in October. Shipments in the first half of the month, at about 350,000 tons, were almost 300,000 tons below the same period last year.

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HUNGARY is expected to produce 35,000 tons of rice (rough) this year, compared with only about 24,000 tons in 1980. In spite of the better crop, imports of around 20,000 tons of rice (milled) will be needed next year. Rice output has declined by nearly 50 percent during the last ten years, mainly due to decreased acreage.

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In CANADA, a recent Wheat Board survey of country elevator managers indicates a record quantity of grain supplies available in the Prairie Provinces, which are of significantly better quality than last year. The estimates of total quantities of deliverable grain on farms for 1981/82 represent both new crop production and old crop carryover, after allowances have been made for estimated feed and seed use. The following figures, in millions of tons, may not add due to rounding.

	<u>1980/81</u>	<u>1981/82</u>
Durum	3.0	3.1
All wheat	20.6	24.7
Oats	1.1	1.3
Barley	8.2	10.2
Rye	0.4	0.8
Total Prairie grain and oilseeds	33.6	39.7
<u>Spring wheat grades</u>	<u>1980/81</u>	<u>1981/82</u>
No. 1 C.W.R.S.	4.2	10.7
No. 2 C.W.R.S.	4.2	7.0
No. 3 C.W.R.S.	6.5	2.6
Other	2.7	1.4
Total	<u>17.5</u>	<u>21.6</u>
<u>Durum wheat grades</u>	<u>1980/81</u>	<u>1981/82</u>
No. 1 C.W.A.D.	0.8	1.3
No. 2 C.W.A.D.	1.1	1.0
Other	1.2	0.8
Total	<u>3.0</u>	<u>3.1</u>
<u>Barley grades</u>	<u>1980/81</u>	<u>1981/82</u>
No. 2 C.W. 2 Row, 6 Row and Higher	0.7	1.2
No. 1 Feed	5.8	8.0
Other	1.7	1.0
Total	<u>8.2</u>	<u>10.2</u>

#### OILSEEDS AND PRODUCTS

MEXICO's imports of soybeans for 1981/82 (Sept.-Aug.) are expected to fall to 850,000 tons from 1.4 million tons in 1980/81, according to the U.S. agricultural counselor in Mexico City. The drop in import level is the result of excess supplies of soybeans and soybean meal.

CONASUPO also has negotiated a postponement of 120,000 tons of Argentine soybean imports, originally contracted for late 1981. Delivery is now expected during January-June 1982.

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Sales of 500,000 tons of U.S. SOYBEANS to the SOVIET UNION for deliver during the 1981/82 marketing year (Sept.-Aug.) were reported by private exporters on Oct. 21. Delivery will probably occur after Jan. 1 and continue for four to five months. This is the first direct sale of U.S. soybeans to the Soviet Union since the sales suspension on Jan. 9, 1980.

During the first eight months of this year, the Soviets have purchased approximately 1.15 million tons of soybeans. The current USDA estimate for Soviet soybean imports in calendar 1981 is 1.3 million tons.

For calendar 1982, the Soviet soybean import estimate is 1.5 million tons. Agreements have been signed with Argentina and Brazil for annual shipments of 500,000 of soybeans from each country.

Soybeans exports to the Soviet Union by country of origin, for specified periods, are as follows in 1,000 tons

	<u>Jan-Dec 1980</u>	<u>Jan-Aug 1981</u>	<u>Jan-Dec 1982</u>
United States	173	0	500
Brazil	118	480	500
Argentina	748	672	500

\*\*\*\*\*

In FRANCE, soybean crushing was resumed Oct. 1 at the Bordeaux Oleagineux plant, which had been closed since Jan. 29, 1980, following an explosion. However, rapeseed and sunflower crushing resumed in June 1980. The plant is reportedly now back to full capacity, which is 330,000 tons of soybeans (1,100 tons per day, for 300 days a year) plus 18,000 tons of rapeseed/sunflower (600 tons per day for 300 days a year).

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SOUTH AFRICA, once a important fishmeal exporter, is expected to import 32,000 tons of fishmeal during 1981. Strong growth in the mixed-feed industry and favorable results obtained in poultry production with a higher percent of fishmeal in the feeds has increased demand. Also, fishmeal production has dropped continually during recent years, with 1981 output projected at 150,000 tons, about 45 percent below the 1973 output.

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Weekly U.S. SOYBEAN usage in September and October, as reported by the National Soybean Processors Association, has surged upward sharply. This is the first time that U.S. disappearance of soybeans has exceeded comparable year-earlier levels since March 1981. The disappearance, which includes inspections for export plus crushings, for specified weeks, are as follows in 1,000 tons.

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<u>Week ending</u>	<u>1980</u>	<u>1981</u>	<u>1981 as percent of 1980</u>
Sept. 3	616	584	95
10	748	645	82
17	815	656	80
24	867	941	109
Oct. 1	763	899	118
8	880	994	113
15	844	1,131	134
Total	5,569	5,850	105

## COTTON

A joint project by THE PHILIPPINES and SINGAPORE is set to reclaim 8,000 hectares of forest on Mindanao as the site for a major Philippine palm oil project. At maturity, the Agusan Plantation, Incorporated (API), is targeted to produce 41,000 tons of palm oil and 8,500 tons of palm kernel annually, and plans to export to the European Community, Pakistan, India, Japan and some Southeast Asian countries.

API is the third palm oil project approved for Mindanao. The Philippine government gives incentives to industrial projects in depressed areas of the country. The Philippines is presently a minor palm oil producer. Output in 1981 is forecast at 15,000 tons.

## COTTON

In THAILAND, a government program intended to expand cotton production has proved relatively successful in the last two years. A 1986 production goal of approximately 682,000 bales has been established, compared with an estimated 1980/81 production of 316,000 bales. The recent successful expansion in cotton production was achieved by expanding acreage and increasing yields through improved cultural practices. The 1986 goal is to be achieved by continuing this trend over the next five years.

Several factors must be considered when assessing the chances of success for the 1986 goal. First, the expansion of cotton acreage will involve acreage diversion from other crops and is based on the assumption that the price of cotton will remain favorable, relative to prices of other crops. More important, if the government continues its present policy toward raw cotton imports, Thai cotton growers could find themselves priced out of the market when world cotton prices dip below the production support price, favoring imports. Finally, domestic consumption of raw cotton could be retarded by maintenance of government policy favoring manmade fiber production over cotton textiles. This would necessitate exports of surplus raw cotton under market conditions in which Thai cotton would be relatively uncompetitive.

In spite of the projected increase in Thai cotton production, the government still expects to maintain present import levels, with the United States retaining a two-thirds share of the market.

## TOBACCO

In ZIMBABWE, the 1981 flue-cured tobacco auctions closed for the season on Oct. 5. The average price for the season reached a record 184 Zimbabwe cents per kilogram (US \$2.76), up 133 percent from the 1980 average of 79 cents per kilogram (US \$1.31). However, the quantity sold in 1981 was down 43 percent from 1980 to 67,356 tons, because of a 70,000-ton marketing quota imposed on the 1981 crop. Reasons for the higher prices in 1981 include a smaller and better-quality crop, reduced stock levels and strong foreign demand for quality flue-cured tobacco.

The 1982 crop, soon to be planted, is expected to yield about 95,000 tons. The production target was raised more than 40 percent, based on anticipated export demand. The attractive 1981 prices enticed an estimated 250 growers, who had abandoned tobacco because of the low prices of the 1970's, to return to tobacco production in the 1981/82 crop year.

## HORTICULTURAL AND TROPICAL PRODUCTS

The EUROPEAN COMMUNITY (EC) has raised the minimum grower price and processor subsidy for prunes for the 1981/82 marketing year (Sept.-Aug.) by 10 percent and 42 percent, respectively. The minimum grower price is set at 154.12 ECU per 100 kilograms (approximately US \$1,680 per ton), ex-grower, size 66/500 grams, with a moisture content of 21 to 23 percent. The processing subsidy is set at 68.10 ECU per kilograms net (approximately \$742 per ton). Current exchange rate is about \$1.09 per ECU.

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The INTERNATIONAL COCOA ORGANIZATION (ICCO) Executive Committee met on Oct. 20 to discuss arrangements for borrowing money to finance additional purchases by the Buffer Stock Fund. As of July 31, the Buffer Stock Fund had \$220.5 million to purchase cocoa in defense of the lower intervention price level of \$1.10 per pound under the new International Cocoa Agreement (ICCA). By Oct. 7, 61,325 tons of cocoa had been purchased, causing concern that the fund would become quickly depleted without achieving the ICCA objectives.

At the conclusion of the Oct. 20 meeting, further discussions on this matter were recommended to be undertaken at a special meeting of the ICCO Council, Nov. 16-20. In the meantime, the Buffer Stock Manager will approach the twenty international banks authorized to handle ICCA funds in an effort to make arrangements for the loan.

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The 1981 commercial WORLD PRODUCTION OF PISTACHIOS AND WALNUTS are forecast currently to outstrip last year's level, with pistachios expected to set a new world record. Walnut production is anticipated to be only marginally higher.

Pistachio production worldwide is currently forecast at 89,700 tons (in-shell). This is 60 percent greater than the combined 1980 volume and the largest world commercial crop to date.

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While output in Syria is expected to remain stable at 7,000 tons, production in Greece continues to trend upward and is forecast to reach a record 2,700 tons in 1981.

The Italian and Turkish crops are extremely cyclical in nature. Italy's 1981 harvest should total approximately 45,500 tons, versus 2,500 tons in 1979 and only 400 tons in the off-year of 1980. The Turkish crop is expected to equal the previous record set in 1977 and double the 1980 harvest of 9,000 tons.

The only short crop of the 1981 season is forecast for the United States, where production could be off more than one-third. Early estimates place the U.S. crop at only 7,500 tons because of rain damage and poor pollination during the spring.

World walnut production (in-shell), excluding Iran, during the 1981 season is expected to surpass 245,000 tons--3 percent above last year's harvest.

Prospects appear excellent for the 1981 walnut crops in the United States and Turkey, where output is projected to increase 9 and 14 percent, respectively. India's 1981 outturn is currently forecast to rise to 19,500 tons--8 percent above the 1980 level--as a result of favorable weather conditions.

In Italy, however, output of walnuts is expected to decline for the second consecutive year. The 1981 harvest is forecast to reach only 12,000 tons, 14 percent below the 1980 volume, making it the shortest Italian crop since 1977.

The most substantial shortfall of the season is anticipated in France, where the 1981 walnut crop is projected to be 45 percent smaller than the 1980 harvest of 21,000 tons. The tremendous drop in production--to 11,500 tons--was caused by winter frost damage in trees and abnormally cold, damp weather during the spring and summer months. However, nut size and quality is reportedly very good.

World commercial production of pistachios, in-shell, by major producers, for specified years, is as follows in 1,000 tons.

	1975	1976	1977	1978	1979	1980	Preliminary 1981
Greece	1.4	1.9	1.6	1.5	2.2	2.5	2.7
Iran	18.0	38.0	20.0	60.0	10.0	25.0	50.0
Italy	2.0	0.2	2.0	0.4	2.5	0.4	4.5
Syria	8.5	3.7	5.4	6.9	5.0	7.0	7.0
Turkey	14.0	2.0	18.0	5.0	16.0	9.0	18.0
United States	--	--	2.0	1.1	7.8	12.2	7.5
Total	43.9	45.8	49.0	74.7	43.0	56.1	89.7

World commercial production of walnuts, in-shell, by major producers, for specified years, is as follows in 1,000 tons.

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Preliminary 1981</u>
France	21.8	28.3	9.7	19.8	20.3	21.0	11.5
India	15.5	15.0	14.0	18.0	15.0	18.0	19.5
Italy	14.0	11.0	12.0	15.0	16.0	14.0	12.0
Turkey	10.0	10.0	10.5	9.0	9.5	7.0	8.0
United States	108.8	166.7	174.6	145.2	188.7	178.7	195.0
Total	242.0	231.0	220.8	207.0	249.5	238.7	246.0

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WORLD SUGAR PRODUCTION (centrifugal raw value) in 1981/82 is currently forecast at a record 95.8 million tons, compared with the revised estimated for 1980/81 of 86.8 million tons. Increased production in the European Community, which accounts for 15 percent of the 1981/82 estimate, is expected to contribute significantly to the bumper crop. Improved production prospects in key sugar producing countries such as the Soviet Union, Poland, India, China and South Africa are reflected in the record forecast. Based on past experience, the chances are two out of three that final world production will not vary more than 2 percent from this first estimate.

Total production estimates for the European Community and for selected principal producing countries for 1981/82, with revised 1980/81 estimates in parenthesis, are as follows, in 1,000 tons: European Community (EC-9) 14,738 (12,837) including, France 5,085 (4,187); West Germany 3,350 (2,982) and Italy 2,065 (1,933).

Production prospects in some other major producing countries are : USSR 7,100 (6,900); Cuba 6,800 (6,400); Australia 3,550 (3,387); Poland 1,821 (1,128); India 8,194 (6,534); China 3,356 (3,052); Turkey 1,300 (930); Brazil 2,700 (2,518) and South Africa 2,088 (1,709).

Further details will be available at the USDA's Agricultural Outlook Conference Nov. 2-6, as well as in the FAS Circular on Sugar, Molasses and Honey to be released Nov. 9.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

:Item	: : : : :	Oct. 27, 1981	: : : : :	Change from : previous week	: : : : :	A year : ago
		\$ per m. ton	\$ per bu.	¢ per bu.		\$ per m. ton
Wheat						
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/			1
U.S. No. 2 DNS/NS: 14%.....	195.50	5.32	+4			224.00
U.S. No. 2 DHW/HW: 13.5%.....	205.00	5.58	+19			226.50
U.S. No. 2 S.R.W.....	185.00	5.03	0			222.50
U.S. No. 3 H.A.D.....	196.00	5.33	+8			304.00
Canadian No. 1 A: Durum.....	1/	1/	1/			1/
Feed grains:						
U.S. No. 3 Yellow Corn.....	124.25	3.16	-10			167.50
U.S. No. 2 Sorghum 2/.....	138.00	3.51	-15			181.00
Feed Barley 3/.....	141.00	3.07	-3			186.00
Soybeans:						
U.S. No. 2 Yellow.....	254.50	6.93	-16			348.15
Argentine 4/.....	1/	1/	1/			1/
U.S. 44% Soybean Meal (M.T.)..	224.50	--	-4.50	5/		328.00
EC Import Levies						
Wheat 6/.....	69.05	1.88	-19			89.35
Barley.....	75.65	1.65	-13			68.80
Corn.....	96.40	2.45	-7			99.70
Sorghum.....	79.80	2.03	-12			78.05

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis November delivery.